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SINGAPORE PASS TO FAA MARY WALSH, TSA THOMAS KEENE

E.O. 12958: N/A  
TAGS: [FAIR](#) [ECON](#) [ID](#)  
SUBJECT: INDONESIA: AVIATION - THE NEXT STEP

¶1. (U) This message contains an Action request. Please see paragraph ¶6.

¶2. (SBU) Summary: Indonesia is a major civil aviation market, and will grow faster if U.S. technical assistance can help bring its aviation sector up to international standards. A string of fatal air disasters has heightened awareness of Indonesia's outdated infrastructure and inadequate regulatory framework. It is in our interest to help Indonesia regain its Federal Aviation Authority (FAA) Category-1 rating in order to create new commercial opportunities for U.S. companies and advance our bilateral relationship. Comprehensive FAA and Transportation Security Administration (TSA) assessments are needed as soon as possible to determine how to provide the appropriate technical assistance. End Summary.

¶3. (SBU) The value of Indonesia's transportation sector is expected to grow to over \$33 billion by 2011, and U.S. aviation companies are already doing big business here. Boeing has \$1 billion in current orders with two Indonesian carriers and will provide the Government of Indonesia with a new Presidential jet. Bell has a commitment for \$120 million in helicopter sales. In addition to aircraft, real sales opportunities exist for U.S. air-traffic control systems and security equipment as well as military aviation equipment and services. U.S. aviation companies enjoy a unique advantage in this market over EU competitor Airbus because of our key role in regional security. This market will continue to grow, and will grow faster if Indonesia's aviation safety and security improve to meet international standards.

¶4. (SBU) The aviation sector witnessed explosive growth after deregulation in 1999; currently there are 48 air carriers, including 15 passenger service airlines. However, the regulatory authority and airport infrastructure have not kept pace. Over the last few years, high-profile aircraft accidents have undermined consumer confidence in Indonesian aviation safety. Indonesia has been an FAA Category-2 country since 2007; its airlines still cannot make regularly-scheduled flights to the U.S. An EU flight ban was imposed in June 2007. In July 2009, the EU lifted the ban for four carriers after extensive effort on the part of Indonesian airlines, regulators and international stakeholders (including the FAA).

¶5. (SBU) State-owned carrier Garuda has ordered two 777s for long-haul flights; it would like to commence service to the U.S. by 2012 and will request FAA authority to do so. Regaining Category-1 FAA status will be a laborious and time intensive process involving multiple stakeholders and government agencies. Failure would be a setback in our bilateral relationship; we need to engage with Indonesia now to make sure they succeed. The private sector is doing its part -- Garuda has already retained independent safety advisors and Boeing has indicated an intention to do the same. Embassy is coordinating with both parties.

¶6. (SBU) Action request: Post requests comprehensive FAA and TSA assessments as soon as possible to identify what needs to be done to

raise Indonesia's aviation to international standards. A TSA assessment team is tentatively scheduled to visit Jakarta's Soekarno-Hatta International airport in November. While this visit is an important first step, Ngurah Rai International airport in Bali and other facilities merit prompt attention as well. Following professional assessment, additional resources should be mobilized quickly. It is important that we help Indonesia bring its aviation sector up to speed in time to ensure the success of their Category-1 request. Improving safety and security will boost the market here, leading to more opportunities for U.S. commercial sales while enhancing our bilateral relationship.

HUME